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NEWS RELEASE

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CONSUMERS EXPRESS GRATITUDE FOR TENNESSEE CONSUMER PROTECTION ACT ENFORCEMENT DURING 30TH ANNIVERSARY CELEBRATION

Consumers who attended an event today to recognize the 30th anniversary of the Tennessee Consumer Protection Act (TCPA) of 1977 said the law has given them a stronger voice in fighting unfair and deceptive trade practices. Consumers joined several former and current state officials including Attorney General Bob Cooper; Commerce and Insurance Commissioner Leslie Newman; and Mary Clement, the Director of the Division of Consumer Affairs (DCA).

The event was part of the consumer education efforts continuing throughout the year in honor of the TCPA. The Act became effective Aug. 26, 1977.

Tennessean Susan Hendall and business owner Debbie Burns told of their positive experiences with the Attorney General's Office and the Division of Consumer Affairs. They credit the consumer protection law with getting their problems resolved. Hendall, who received almost \$900 restitution as the result of an agreement between the State and Friedman's Jewelers, said the help she received from the state agencies "saved my life."

Hendall, who thought she paid off a bill for jewelry she bought at Friedman's, Inc. continued receiving notices and phone calls about "late bills" from a collection agency. Until she contacted

DCA and worked with the Attorney General's Office, she did not realize she had unwittingly paid extra charges for insurance and other fees to which she had not agreed. "They were harassing me," Hendall said, "calling me and sending notices. I would not have known how to force them to give me my money back if it hadn't been for the Division of Consumer Affairs and Attorney General's Office. They've been a God-send."

Debbie Burns, who owns Franklin Florist, said Teleflorist, an out-of-state floral order gatherer "interfered with legitimate florist business and deceived consumers who thought they were doing business with my store in Franklin" while using her company's business name without permission. Burns said she began an intense investigation after she received well over 100 customer complaints about unacceptable flower arrangements. The State determined Teleflorist was an out-of-state floral order gatherer who allegedly used deceptive telephone directory listings and local phone numbers to make consumers believe they were purchasing flowers from a local florist. The State filed a lawsuit and entered into two orders with Teleflorist regarding its conduct.

"I believe I would still be fighting these people if it hadn't been for the people at the Division of Consumer Affairs and the Attorney General's Office, who listened to me, reviewed the information I provided and took action," Burns said. "Without them, my voice would never have been heard and consumers would have continued to be deceived."

The purpose of the TCPA is to protect consumers and businesses from unfair and deceptive practices. It created the DCA to serve as a point of contact and clearinghouse for complaints. In addition, it empowered the Attorney General, at the request of the DCA, to initiate civil law enforcement actions to represent and protect the interests of the State of Tennessee and the public by enforcing the various provisions.

"This law is extremely important to ensure Tennesseans are treated fairly and given all the facts they need to make informed choices when buying goods and services," General Cooper said. "It also helps level the playing field and protects legitimate businesses."

"The Division of Consumer Affairs exists because of the Consumer Protection Act," said Director Clement. "We educate, advocate, mediate and provide oversight. Serving the consumer and legitimate businesses, we are proud of our efforts over the past thirty years."

In its role of receiving and processing complaints, the DCA attempts to mediate a resolution between the complainant and the entity that is the target of the consumer complaint. DCA also engages in consumer education and other functions to help consumers make smart buying decisions and avoid misleading business offerings. In 2006, DCA mediated over 29,782 consumer complaints, referrals and inquiries. That mediation process resulted in over \$1 million being returned to consumers.

Additional events are being planned in recognition of the TCPA's 30th anniversary. On December 4, the Attorney General's Office is joining with the Federal Trade Commission, DCA, the Tennessee Bar Association and the Better Business Bureau of Memphis to conduct an educational seminar in Memphis for businesses and business lawyers regarding advertising laws.

Below are some of the recent significant consumer protection cases in which companies agreed to

abide by the Tennessee Consumer Protection Act in the future in addition to providing consumer refunds:

*The State succeeded in stopping a man doing business in Nashville from making unsubstantiated claims of being a “doctor” who could cure such terminal diseases as cancer and HIV/AIDS while urging patients to forego conventional medical treatments. The Davidson County Circuit Court issued an order of contempt against the defendant, Oludare Samuel Olomoshua and the company of which he is president, Wisdomite Spiripathology Healing and Music Mission, Inc. after he failed to submit the required patient records and continued to make unsubstantiated claims through several websites on the Internet. The defendant was ordered to pay \$38,000 in civil penalties for the contempt allegations. Ultimate resolution of the case is expected later this year.

*Teleflorist, Inc., a Pennsylvania company which received and placed orders for flowers, allegedly led consumers to believe the company was a local florist. The company agreed in September, 2006 to refund \$16,000 to some 400 consumers. In June, the company agreed to stop doing business in Tennessee for 15 years and to pay the State an additional \$26,000 to resolve contempt allegations after the State discovered the firm had allegedly failed to disclose over 800 name listings and more than 50 phone numbers in its previous settlement.

*A Knox County Chancellor granted the State’s request to stop Knoxville resident Payton Abernathy from marketing and promoting his “make money from home envelope stuffing” business opportunity to consumers. More than 200 consumers complained about the company (which used several names) when it failed to deliver its promises that consumers could “make thousands” stuffing envelopes. Many consumers complained they were charged a fee for the business package, which sometimes did not arrive, or because they were asked to participate in a chain referral marketing plan. A trial is pending in the case.

*A Williamson County court froze \$300,000 of the assets belonging to two Wilson County businesses following the State’s allegations that the companies billed consumers for a product that never existed. The State sued the businesses, National Fulfillment, Inc. and Entertainment America, Inc.; Rollie Froehlig, owner and president of both companies; and Ted Howes, executive vice president of National Fulfillment. The State alleges the defendants attempted to bill 300,000 consumers for an imaginary product and engaged in 30,000 instances of identity theft involving consumers’ credit cards or debit cards.

*Tennessee led a multistate investigation and subsequent agreement with Friedman’s Inc., doing business as Friedman’s Jewelers, for alleged unfair and deceptive trade practices. The State alleged the nation’s third largest jeweler failed to adequately inform consumers of insurance fees it was charging consumers. The Tennessee Attorney General filed a lawsuit against Friedman’s in December 2004. As part of the agreement, Friedman’s was required to comply with licensing laws before offering credit insurance and Federal Truth in Lending laws and other state laws. The jewelry company also agreed to pay \$2,150,000 to the multistate group.

Consumers who wish to file a complaint regarding any consumer matter should contact the Tennessee Division of Consumer Affairs at 1-800-342-8385 (toll-free within Tennessee) or (615) 741-4737. Complaints can also be filed online at www.state.tn.us/consumer.